
Market Shift Adjustments Update

Market Shift Adjustments

- ▶ Market shift adjustment should not undermine the incentives to reduce avoidable utilization
- ▶ Market shift adjustment should provide necessary resources for services shifted to another hospital
- ▶ Calculations are based on
 - ▶ 66 inpatient and outpatient service lines
 - ▶ Zip codes and county level
 - ▶ Excludes Potentially Avoidable Utilization
 - ▶ Hospital service line average charge per ECMAD**
 - ▶ 50% variable cost factor applied
- ▶ Staff send out preliminary results for outpatient oncology service lines

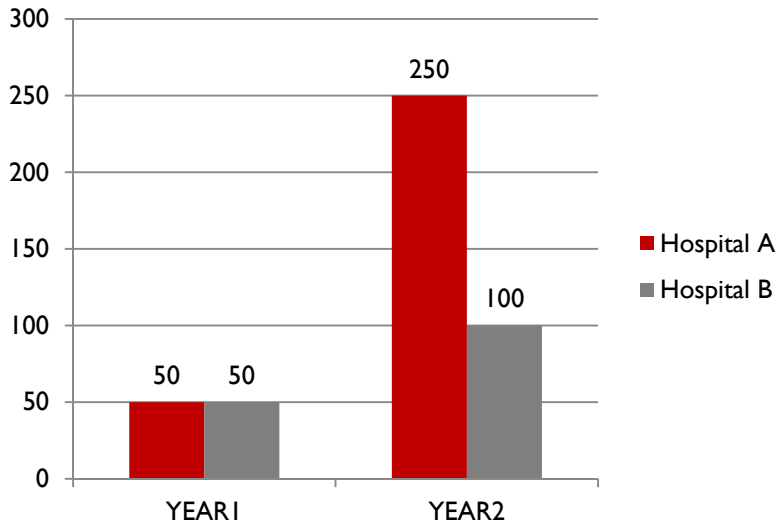
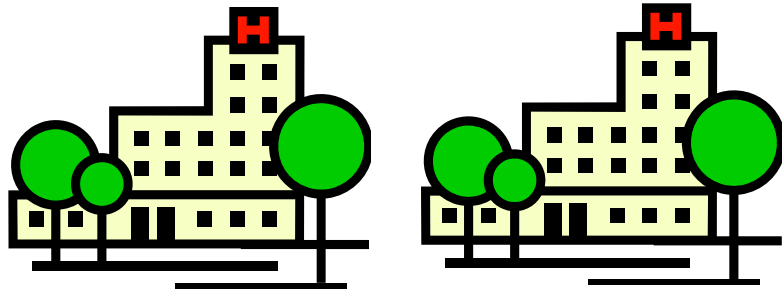
*AHRQ Prevention Quality Indicators

**Equivalent CaseMix Adjusted Discharges

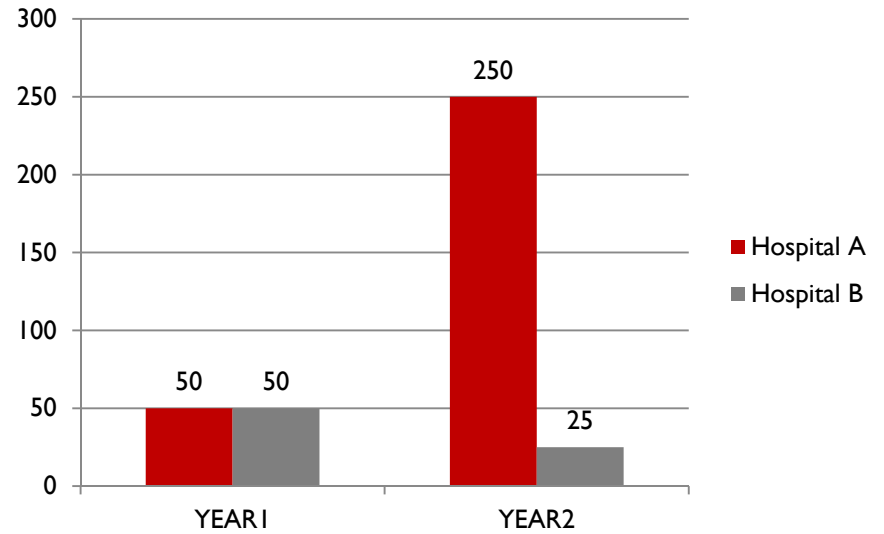
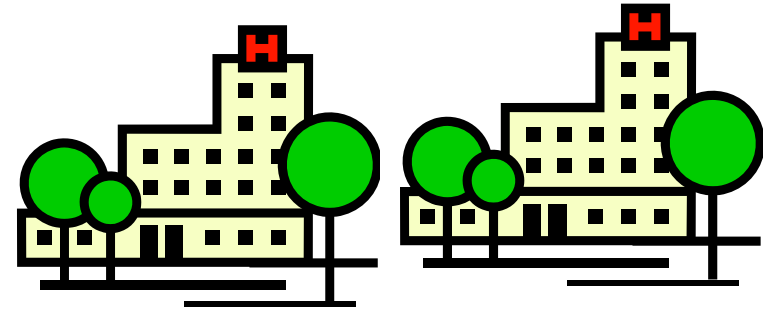
Market Share

vs.

Market Shift



Market Shift Adjustment=0



Market Shift Adjustment=25



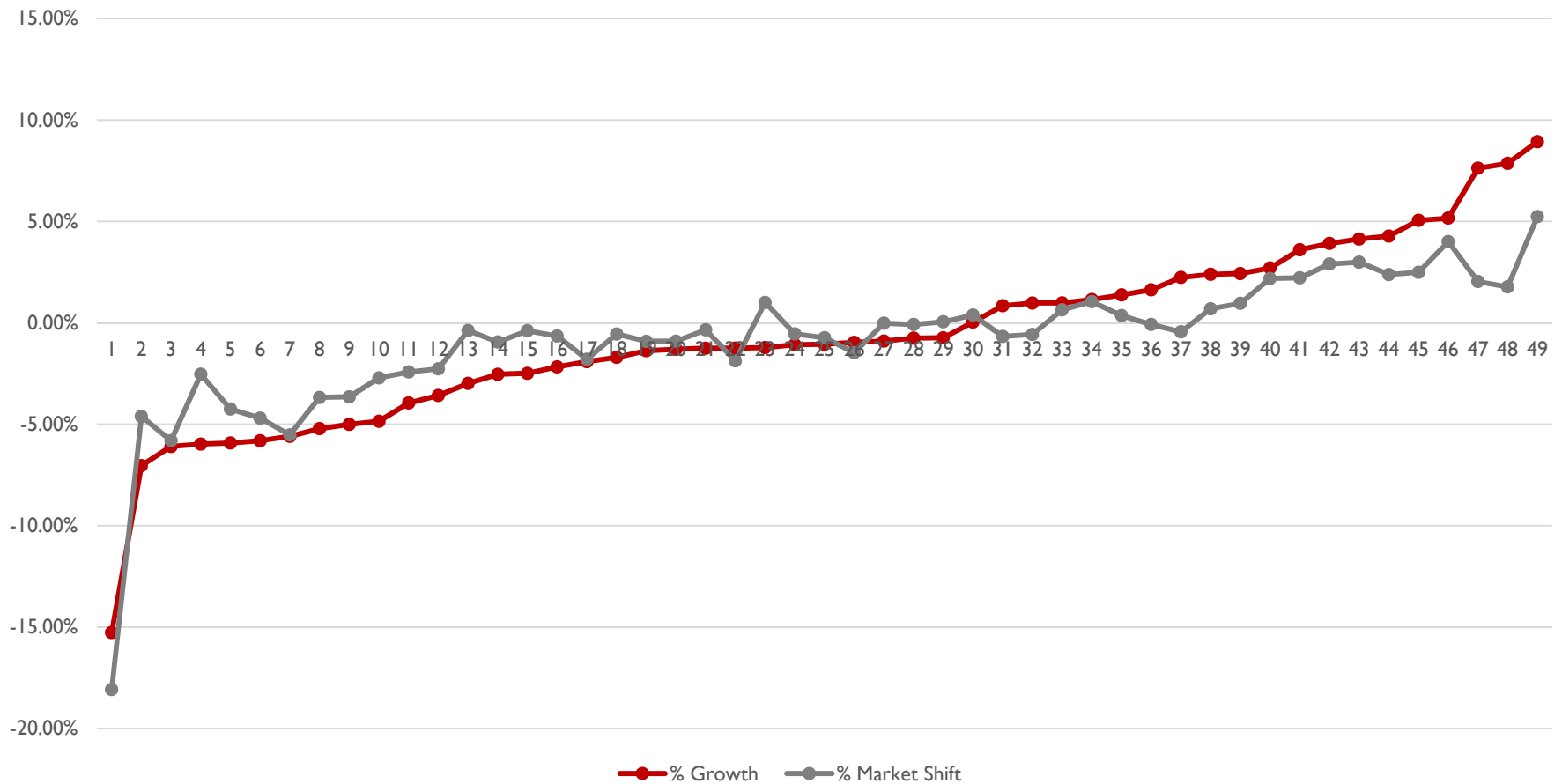
RY 2016 and FY 2017 Year to Date Statewide Impact*

Statewide Impact	FY 2016	FY 2017
A	B	C
Grand Net Total	-\$756,341	-\$5.7 mil
Positive Adjustment Total	\$27.7 mil.	\$53.6 mil.
Negative Adjustment Total	-\$28.5 mil.	-\$46,8 mil.
Absolute Adjustment as Percent of Total Charges in MSA	1.02%	0.98%

*excludes oncology/radiation therapy/infusion service line and other manual adjustments

Market shift adjustments and volume growth is more closely linked in the FY 2017 period

CY 2015 Volume Growth vs Market Shift Adjustments



Market Shift Updated for CY 2016

Measurement period

- ▶ **CY 2015** was based on an annual adjustment except for a few large market shift cases which was done mid-year
- ▶ **CY 2016** is moving to a semi annual adjustments
 - ▶ Jan-June 2016 period will be added to FY 2017 GBRs in January
 - ▶ Jan-December 2016 period will be reconciled and adjusted in FY 18 GBRs in July 2017.
- ▶ Any changes in hospital service provisions (closure of services, deregulation etc) are reflected immediately.
- ▶ **Service line updates for CY2016**
 - ▶ Add Sepsis cases to PAU exclusions
 - ▶ Alignment of inpatient and outpatient cases (cardiac procedures etc.)
 - ▶ Possible update to weight calculations